

**Response of
Anderson Municipal Light & Power
To the
April 12, 2006, Data Request from the Indiana Utility Regulatory Commission
Concerning the
Energy Policy Act 2005: Suggested Standards for State Consideration**

Anderson Municipal Light & Power respectfully submits this response to the Indiana Utility Regulatory Commission's Data Request of April 12, 2006. AML&P understands this survey is to assist the IURC in its consideration of suggested standards proposed in the 2005 Energy Policy Act relating to (1) Fuel Sources, (2) Fossil Fuel Generating Efficiency, and (3) Smart Metering.

For convenience, AML&P copied the IURC's survey, and provides its responses in text boxes.

I. Fuel Sources

Amendments to PURPA; Sec. 1251; amending 16 USC 2621(d) by adding (12) – Fuel Sources

“Each electric utility shall develop a plan to minimize dependence on 1 fuel source and to ensure that the electric energy it sells to consumers is generated using a diverse range of fuels and technologies, including renewable technologies.”

AML&P is a member of the Indiana Municipal Power Agency with a Power Sales Agreement that requires AML&P to purchase all of its retail requirements from IMPA. In this arrangement, AML&P has no generation. Thus, AML&P does not perform any generation planning. AML&P relies on IMPA for such planning.

However, AML&P is of the opinion that IMPA has a diverse range of fuels and technologies consistent with normal electric utility planning practices. Further, such fuel is from different sources, which adds another dimension to the diversity of fuel types and transportation modes.

- 1) Do the Indiana Integrated Resource Plan and Certificate of Need processes provide for a sufficient method to insure that utilities develop a plan to minimize dependence on one fuel source? Please explain.
- 2) How could the IURC best ensure that the electric energy sold to consumers is generated using a diverse range of fuels and technologies, including renewable technologies?
- 3) Is the requirement of IC 8-1-2-42(d)(1) compatible with a requirement to ensure the electric energy a utility sells to consumers is generated using a diverse range of fuels and technologies, including renewable technologies? Would summary FAC proceedings provide for timely review if such a requirement were implemented? Please explain.

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4) Does today's energy market environment provide sufficient incentive for utilities to diversify their fuel sources? Please explain.

II. Fossil Fuel Generation Efficiency

Amendments to PURPA; Sec. 1251; amending 16 USC 2621(d) by adding (13) – Fossil Fuel Generation Efficiency

“Each electric utility shall develop and implement a 10-year plan to increase the efficiency of its fossil fuel generation.”

AML&P does not have any generation. Thus, it has no plans related to generation efficiency.

1) What, if any, specific plans has your utility put in place to drive increased fossil fuel generation efficiency? How do these plans differ from what was done in the past? How do you expect these plans to change over the next ten years?

2) Does today's energy market environment provide sufficient incentive for utilities to increase the efficiency of its fossil fuel generation? Please explain.

3) Provide the historical annual operating efficiencies for the past 10-years for each of your fossil fuel generation plants and a similar cumulative value for your utility.

III. Smart Metering

Amendments to PURPA; SEC. 1252. Amending 16 U.S.C. 2621(d) by adding: (14) Time-based Metering and Communications.-

(A) Not later than 18 months after the date of enactment of this paragraph, each electric utility shall offer each of its customer classes, and provide individual customers upon customer request, a time-based rate schedule under which the rate charged by the electric utility varies during different time periods and reflects the variance, if any, in the utility's costs of generating and purchasing electricity at the wholesale level. The time-based rate schedule shall enable the electric consumer to manage energy use and cost through advanced metering and communications technology.

(B) The types of time-based rate schedules that may be offered under the schedule referred to in subparagraph (A) include, among others-

(i) time-of-use pricing whereby electricity prices are set for a specific time period on an advance or forward basis, typically not changing more often than twice a year, based on the utility's cost of generating and/or purchasing such electricity at the wholesale level for the benefit of the consumer. Prices paid for energy consumed during these periods shall be pre-established and known to consumers in advance of such consumption, allowing them to vary their demand and usage in response to such prices and manage their energy costs by shifting usage to a lower cost period or reducing their consumption overall;

(ii) critical peak pricing whereby time-of-use prices are in effect except for certain peak days, when prices may reflect the costs of generating and/or

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- purchasing electricity at the wholesale level and when consumers may receive additional discounts for reducing peak period energy consumption;
- (iii) real-time pricing whereby electricity prices are set for a specific time period on an advanced or forward basis, reflecting the utility's cost of generating and/or purchasing electricity at the wholesale level, and may change as often as hourly; and
- (iv) credits for consumers with large loads who enter into pre-established peak load reduction agreements that reduce a utility's planned capacity obligations.
- (C) Each electric utility subject to subparagraph (A) shall provided each customer requesting a time-based rate with a time-based meter capable of enabling the utility and customer to offer and receive such rate, respectively.
- (D) For purposes of implementing this paragraph, any reference contained in this section to the date of enactment of the Public Utility Regulatory Policies Act of 1978 shall be deemed to be a reference to the date of enactment of this paragraph.
- (E) In a State that permits third-party marketers to sell electric energy to retail electric consumers, such consumers shall be entitled to receive the same time-based metering and communications device and service as a retail electric consumer of the electric utility.
- (F) Notwithstanding subsections (b) and (c) of section 112, each State regulatory authority shall, not later than 18 months after the date of enactment of this paragraph conduct an investigation in accordance with section 115(i) and issue a decision whether it is appropriate to implement the standards set out in subparagraphs (A) and (C)

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1) Please describe the present status of time-based metering and communications within your customer base. Include detail by customer class (e.g. residential, commercial, industrial) relating to tariff offerings, smart meters deployed, means of communicating collected data with participating customers, and capital invested in infrastructure.

AML&P has no time-based metering at this time.

2) Describe the methods utilized presently or historically to communicate tariff/program opportunities to customers. Do you have plans to enhance marketing of these opportunities? Please explain.

Upon inquiries from existing and potential customers, AML&P will explain alternative rates. AML&P has offered to develop special rates for potential new industries with unique electric usage characteristics. AML&P has no plans for changes to this procedure.

3) Detail any cost/benefit studies conducted for your service area regarding time-based metering communication deployment and tariffs. Detail should at a minimum include cost and demand response assumptions.

AML&P has not conducted any studies related to time-based metering and communications.

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4) Detail the response to any customer surveys you may have conducted in you service area regarding time-based metering and rates. If no surveys have been conducted, what customer input method does your utility employ to evaluate customer demand for time-based metering and rate offerings?

AML&P has not conducted customer surveys. Further, AML&P has had no substantive inquiries regarding time-based metering and rates.

5) What, if any, regulatory barriers exist which limit the expansion of time-based metering and rates?

AML&P has not assessed the potential of regulatory barriers to the implementation of time-based metering and rates.

6) Can time-of-use rates be effectively implemented without the use of smart metering? Please describe any new or expansion of existing time-of-use rates your utility plans to implement in the next 24 months.

AML&P has not assessed the implementation of time-of-use rates with or without smart metering. AML&P has no current plans to implement time-of-use rates.